

Rudd - Rockford - Marble Rock CSD/EA

2004-2005
CED 692
SECTOR 2
RECEIVED BY PERB
VIA FAX
JUN 22 2005

IN THE MATTER OF INTEREST ARBITRATION

BETWEEN)

Rudd - Rockford - Marble Rock)
Community School District,)

PUBLIC EMPLOYER,)

AND)

Rudd - Rockford - Marble Rock)
Education Association,)

EMPLOYEE ORGANIZATION.)

Hugh J. Perry, Arbitrator

Award issued: June 17, 2005

APPEARANCES:

*For Rudd - Rockford - Marble Rock CSD: Mathew Anderson, Attorney**For Rudd - Rockford - Marble Rock EA: Joann Mackin, Uniserve Director*

BACKGROUND

The Rudd-Rockford- Marble Rock Education Association represents 46 FTE employees in the Rudd-Rockford-Marble Rock Community School District. Special Education and Chapter 1 teachers are included. Student enrollment is 614.7. It is on the decline. The district is a member of the Corn Bowl Conference. The parties have a long bargaining history. They have utilized Fact-finding once. This is the first time they have been to arbitration. This bargaining year the parties have settled all of their contractual differences with the exception of **Wages** (base salary increase). They have agreed to extend the impasse deadline to allow for completion of this process. A hearing was held on June 2, 2005 at Rockford, Iowa.

This District, as are many other rural Iowa Districts, is experiencing declining enrollment. Similarly, it is experiencing reduced funding from the state. For the current contract it received a guaranteed 1% increase in state aid (\$30,821). For the upcoming contract it will sustain a 1.32% or \$41,022 (1.89% or \$58,862 according to the District) loss in new monies from the state. The District has a cash reserve levy and a physical plant and equipment levy. The District's tax rate is \$15.19 per thousand dollars of assessed valuation, compared to a statewide average of \$15.06. The District's rate is projected to increase to \$15.83 for 2005-2006. Included in the items to which the parties have preciously agreed is an increase to all supplemental pay positions of .5%. Supplemental pay for the various positions is a percentage of BA Lane Step 4. The current range is 10.5% (Athletic Director, Head Coach) to 1.5% (Spelling Bee). The District proposed the increase in the supplemental pay schedule.

Although not an issue, health insurance bears discussion. Currently the District provides full single \$1,000 PPO health insurance coverage. Employees who choose family coverage must pay the

balance of family coverage above the single premium. The district contributes \$220.92 toward the family policy. Next year the cost of this insurance will decline by 15.25% or \$47,581. This was a function of the District moving its insurance from a self funded plan and establishing a claims history. The parties have agreed that the deductible will be reduced from the current \$1000 to \$500 and that the District will no longer contribute toward the family premium (there is currently only one employee using this benefit).

The District's regular program cost is \$3,023,810. Current costs for salary and benefits for these employees, including FICA and IPERS is \$2,251,833. The difference between the parties' proposals is \$10,095. The District's proposal would result in a total package cost increase of \$81,482, a 3.62% increase over current costs. The Association's proposal would result in a total cost increase of \$91,577, a 4.07% increase.

In making this award, I have considered the provisions of Section 20.22 (9) of the PERA and will not set them forth here. After consideration of the criteria set forth in the act, the arbitrator is required to award the position of the party deemed most reasonable.

IMPASSE ISSUE

The Impasse Issue before the Arbitrator is: **Wages**. More specifically, the question to be decided is how much of an increase will be placed on the base of the current salary schedule.

The 2004-2005 contract provides for a salary schedule as follows:

Step	Index	BA	BA+ 15	BA + 30	MA	MA + 15
0	1.00	<u>1.000</u>	<u>1.030</u>	<u>1.045</u>	<u>1.060</u>	<u>1.090</u>
1	1.04	23,940	24,658	25,017	25,376	26,095
2	1.08	24,898	25,645	26,018	26,391	27,138
3	1.13	25,855	26,631	27,019	27,407	28,182
4	1.18	28,249	29,097	29,520	29,944	30,792
5	1.23	29,446	30,330	30,771	31,213	32,096
6	1.28	30,643	31,562	32,022	32,482	33,401
7	1.33	31,840	32,795	33,273	33,751	34,706
8	1.37	32,798	33,782	34,274	34,766	35,750
9	1.41	33,755	34,768	35,274	35,781	36,793
10	1.45	34,713	35,754	36,275	36,796	37,837
11	1.49	35,671	36,741	37,276	37,811	38,881
12	1.53		37,727	38,276	38,826	39,925
13	1.57			39,277	39,841	40,969
14	1.61				40,856	42,012
15	1.65					43,056
LONG	0.0500	1,197	1,233	1,251	1,269	1,305

PROPOSALS OF THE PARTIES

The **Association** proposes a \$1,250 increase on the BA base salary. The Association costs its proposal at \$91,577, resulting in a 4.07% total package increase. In support of this position, the Association makes a number of contentions. It notes that statewide settlements this bargaining year which include districts anticipating a decrease in new money over the current year are averaging 4.55% and that its proposal is less than the average. The Association presented a number of groups for which settlement data was available, including the Corn Bowl Conference (4.34%) and noted that its 4.07% asking was below all of them. The District's 3.62% proposal compares even less favorably. The association notes that it was the District's proposal to add .5% to the supplemental pay positions and that it preferred to put any available money on the base salary. It did not agree to diminish a base increase in order to enrich the supplemental schedule. The Association pointed out that although it has bargained average increases of 4.34% since the 2000-2001 contract the actual cost to the district due to teacher turnover has been far less than that, an actual 1.23%. While negotiated increases over this period have been \$93,555, the actual increases have cost the District \$26,287. Turnover savings for the District next year will be \$121,990 which is \$30,413 more than the Association's proposal.

The Association notes that in the past the parties have always costed total package settlements. When insurance increased dramatically, wages were diminished accordingly. The Association agreed to a high deductible (\$1,000) in order to help keep insurance rates down. However, this year when insurance premiums are declining, the District appears unwilling to consider this bargaining history and asks that the arbitrator focus only on salary increases. The Association argues that a decrease in insurance costs allows an opportunity for these employees to recover some of the salary ground it lost in the years when insurance increases absorbed a large part of the total package. The Association advanced data suggesting that its 4.07% asking was in line with settlements here over the past 5 years. Also, it contended that settlements in this District were close to average state wide settlements in recent years. It noted that its proposed 4.07% settlement was closer to the state trend of 4.55% than the District's proposal of 3.62%.

The Association observed that when comparing these teachers with others in the Corn Bowl Conference one will find that District teachers rank above the conference average in some benchmarks and below in others. In terms of total compensation with health insurance included, these teachers rank about average in the conference. The Association concedes that the supplemental pay for these teachers will compare very favorably to the conference average next year but again points out that it was the District's proposal to increase the supplemental pay for these employees. The Association agrees that teachers who spend their careers in this District compare favorably to similar employees in other districts.

The Association pointed out that the District has an unspent balance of \$583,489 and that it is totally funded with cash. In spite of the fact the District new money will be less next year, there are adequate monies from turnover savings and special funds to finance the Association's wage proposal. The Association contended that awarding its proposal would neither raise nor lower taxes in the District.

The **District** proposes that the base be increased by \$1,125. The District notes that its enrollment is in serious decline. It anticipates 594 students next year, a decline of 21 students with further decline projected for the next four years. With such decline will come decreased revenues

from the state. This will mean a decrease in new money of \$58,862 (1.89%) for the next contract year. The District contends that its proposal is very reasonable, a 6.52% total salary increase. It notes that a \$1125 base increase would be significantly higher than that provided by any other conference school. The District notes that it has improved the health insurance for these employees by reducing the deductible to \$500. The District noted that mid term in its former insurance program it had to come up with \$133,000 to continue insurance coverage. The District noted that its unspent balance will decline over the next budget. It contends that it pays its teachers above average and with its proposal will continue to pay above average. The District contends that its proposal is significant, the highest base increase in the conference, that it offers better health insurance than comparable districts and that its supplemental salary increase will make supplemental pay in this district well above average.

DISCUSSION

Any award made here will require funding from sources other than new money. The Association's argument as to what a total package settlement has historically meant in this District and throughout the state has merit. It is the increased costs of wages and insurance over the previous year's costs. Isolating the wage component from the rest of the financial package makes the District proposal appear very reasonable. It would be the largest base increase in the conference. It would be a salary increase of over 6%. However, it would still result in a total package settlement well below the average. The parties' bargaining history establishes that in the years when insurance premiums escalated, such increases were costed against the total package to the detriment of wage increases. It seems only fair that when insurance costs decline, that salaries should benefit. The turnover data provided by the Association is persuasive. There is a documented history of significant turnover savings realized by this District. Next year it will realize savings in excess of the cost of the Association's proposal. Turnover savings point out a means to fund salary increases in the face of declining state revenues. The District's point that teachers who remain with the District realize the negotiated increases and are favorably compensated is well taken. However, this District has historically settled close to statewide averages. I am not convinced that there exists good reason to depart from that history this bargaining year. The Association's proposal is somewhat below state average settlements and within the financial resources of this district to fund. It is consistent with the parties' bargaining history. The Association proposal to increase the base salary by \$1,250 is the most reasonable position before me. It is awarded

AWARD

WAGES - The Association proposal, an increase of \$1250 on the base salary is awarded.

Signed this 17th day of June, 2005



Hugh J. Perry, Arbitrator

CERTIFICATE OF SERVICE

I certify that on the 17th day of June, 2005, I served the foregoing Award of Arbitrator upon each of the parties to this matter by mailing a copy to them at their respective addresses as shown below:

Mathew J. Anderson
Attorney At Law
P.O. Box 1567
Mason City, Iowa 50402

Joann Mackin
Uniserve Director
P.O. Box 402
Hampton, Iowa 50441

I further certify that on the 17th day of June, 2005, I will submit this award for filing by mailing it to the Iowa Public Employment Relations Board, 514 East Locust Street, Suite 202, Des Moines, Iowa 50309.



Hugh J. Perry, Arbitrator